

The UK should lead freer trade worldwide

I have made two consistent requests of the UK government whilst I have watched the negotiators reach an Agreement Parliament could not possibly accept. I have asked that the UK tables a comprehensive free trade agreement with the EU and says we should negotiate it once we have left, allowing both sides to avoid any new barriers or tariffs whilst we negotiate it. I have also asked that the UK tables its own schedule of tariffs for April 2019 assuming the EU refuses all co-operation. These tariffs should be lower than those imposed by the EU on the rest of the world, thereby cutting our tariffs on the bulk of our trade whilst imposing them on EU trade for the first time as we have to under WTO rules.

There are two advantages of tabling a draft Free Trade Agreement. The first is the EU has indicated that would be easier to agree with the UK than a half in half out arrangement of the kind the present UK negotiators seem to want. The EU has free trade agreements with various smaller countries already and has just managed one with Japan. Our draft should be based on the best of the EU/ Canada and Japan agreements, so we can say to them we are only asking for what they have already granted to others. They and we might then want to add some more to that. The second is we could then under Article 24 of Gatt/WTO agree to no new barriers pending agreement. This would be especially advantageous to the rest of the EU given their huge surplus with us in food and cars, where tariffs would otherwise be imposed.

The ERG is working with experts to produce a full legal text draft. I look forward to its early publication, as then the government could just table that one if they still have not drafted one of their own. The government could itself produce a scissors and paste version of the EU/Canada or EU/Japan treaties to get the conversation started.

I have also repeatedly asked for publication of our own tariff schedule. I think EU tariffs are in some cases too high. I would want us to remove all tariffs from imported components so we can say to industrialists based here it will be cheaper to make things once we have left. I would like us to remove tariffs on food we cannot grow for ourselves. I would suggest lowering other food tariffs a bit. It is an important judgement to balance consumer interests in no tariffs with farmers interest in some tariff protection, which would for the first time extend to protection against EU as well as non EU produce.

The publication is essential for two reasons. The first is we may well leave with no Withdrawal and future partnership agreement in March, so farmers and traders need to know what the tariff regime will look like when they decide what to grow and what to buy from world markets. It would also be a timely reminder to the big food exporting industries of the rest of the EU that they will face tariff barriers in default of a Free Trade Agreement, which might make them keener on a Free Trade Agreement.

The government should also tell us how it will spend all the extra tariff revenue it could collect. A mixture of spending increases and tax cuts would provide a welcome boost to the economy, jobs and wages.